

FREQUENTLY ASKED QUESTIONS (FAQs)

Local Housing Trust Fund Program January 8, 2009

1. Is the October 28, 2008 LHTFP NOFA the only NOFA that will be available for existing LHTFs to apply for funds?

HCD Response: The October 28, 2008 NOFA will be the only opportunity for existing LHTFs to apply for funds. In the unlikely case that the current NOFA is undersubscribed, there will be a second NOFA.

2. Can matching funds be in the form of In-Kind or do they have to be actual money?

HCD Response: Match funds must be in the form of actual money. Also, funds must be available to draw on as of date of application. All sources of match should be listed to allow the Department to assess it viability as a match.

3. Can the matching funds be an RDA set-aside?

HCD Response: NO, since RDA funds are already normally restricted for the use of housing projects.

4. Can mitigation fees (fees city collects) be used as income for the LHTF?

HCD Response: Yes, but only if it meets all of the requirements for "Ongoing Revenues" as defined in Section 7151(s) of the LHTFP Regulations.

5, 6, and 7 Can matching funds be a loan? Can a letter of credit be used for the matching funds? Is line of credit match?

*HCD Response: **The Department will accept "on deposit" to include verifiable, readily available funds to accommodate line of credit and other verifiable, readily available sources of funding commonly used in the low-income housing industry.***

When reviewing the documentation concerning the line of credit or other sources commoning used in the industry, we need to be assured that:

- **there is sufficient credit left on the line to make the match;**
- **that the credit line isn't committed to another project; and**
- **that if the LHTF itself is responsible for repayment, that the line of credit will be increased by the amount of repayment.**
- **In addition, because of the requirement for ongoing revenues, the line of credit must have a duration of at least 5 years.**

8. There are no restrictions for Emergency Shelters. Will there be restrictions?

*HCD Response: There is **No** statutory or regulatory restriction concerning emergency shelter for use period, however, HCD will look at the applicant's business plan and other documents for a commitment to the continued operation of the shelter.*

9. Can the occupancy of Shelters be considered extremely low-income?

*HCD Response: **YES**. There are no income restrictions for shelters, so as a policy we would consider them Extremely Low Income projects.*

10. Can the required match when the projects will be Emergency Shelters be Care funds?

HCD Response: If the "Care funds" are restricted to housing by state or federal law, they cannot be used as match. Also the funds must be available to be used as match for an eligible LHFP activity (i.e., acquisition and development). If the funds are restricted for client services, they will not be considered match.

11. What is the time requirement for deed restrictions years?

HCD Response: Home ownership projects require a thirty year deed restriction, while rental housing projects require a fifty-five year deed restriction.

12. With respect to the 65% preference for down payment assistance for first-time home buyers, what is the match requirement?

*HCD Response: Match must be equal to or more than amount of grant being requested. The 65% preference only applies to Program grant funds. [Ben: **They are asking another question here and we need to discuss.***

13. Do you have to have a Public Hearing or can it be a public input meeting?

HCD Response: A Public Hearing must be held in the county/city where funds will be lent. This applies to all applicants. In addition, a non-profit applicant must hold annual public meeting in the localities where the non-profit intends to lend Program funds.

14. Do you need 2 years financial audit for existing LHFP?

HCD Response: YES!

15. What are the requirements **to** show the establishment of the LHFP?

HCD Response; Applicant must provide either the enabling legislation, ordinance, resolution or minute order that established the LHFP.

16. If a LHFP has a 5 year grant pledge, is a grant letter acceptable to show on-going funds?

HCD Response: Yes.

17. Do Cities you have to have an approved Housing Element?

HCD Response: YES. However, if the City is in the process of renewing its housing Element, as long it has had an approved Housing Element prior to the renewal, this would meet the LHTF requirement. Cities can check with the Department's HPD Section to verify if they are in compliance with their Housing Element.

18. For a County Applicant, how is the Housing Element applied?

HCD Response: If a LHTF is made up of multiple cities (where less than all are in compliance), the Applicant must agree in its application to loan on projects only within cities that are in compliance at the time of application. Grant funds can NOT be lent in cities that do NOT have an approved Housing Element.

19. Does the 36 months required to have loan commitments for the Program funds begin at time of award?

HCD Response: It begins on the "effective date" of the Standard Agreement, which is the date it is signed by HCD. The funds must be encumbered within the 36 month time frame.

20. Does the program have the ability to use funds geographically?

HCD Response: The geographic area in which a LHTF can use the LHTFP funds is limited by the LHTF's organizational documents and those jurisdictions having an approved Housing Element at time of application.

21. If an Applicant has an existing down payment assistance program for higher income levels, can the program guidelines be re-written to meet the lower income?

HCD Response: Probably, as long as it meets all of the other Program requirements. The guidelines need to define the income levels so the Department can determine the program requirements are being met.

22. What if another agency or entity applies for money for the same City, would you throw out the application?

HCD Response: No. There is no specific prohibition against grants to different LHTFs that lend in the same area.

23. When will the other 2 NOFAs for New LHTFs be released?

HCD Response: Two other NOFAs will be released for new LHTFs. Based on the availability of funds, it is expected that the next NOFA will be released in the latter part of 2009 with the last NOFA released in the latter part of 2010.

24. What happens to funds not awarded from each NOFA? Will it roll over?

HCD Response: Funds not awarded for existing LHTFs would roll over to a second NOFA. Funds not awarded for new LHTFs under the first two NOFAs

would roll over to the third NOFA. Funds not awarded under the third NOFA shall revert to the Department for use in the Program or its successor.

25. What happens to any interest earned from the loans that the LHTF makes with the Funds?

HCD Response: Any interest from the loan, as well as repaid principal, goes to the LHTF.

26. Is this a reimbursement program?

HCD Response: The disbursement process will be defined in the Standard Agreement that the LHTF will enter into with the Department for the awarded Funds.

27. Is there a reporting requirement for this program?

HCD Response: There is annual report that the LHTF will be required to submit to the Department the specifics of which will be detailed in the Standard Agreement.

28. Are there any environmental requirements?

HCD Response: All projects must comply with all applicable state and federal laws, which include environmental, relocation, and fair housing laws.

29. Will the Standard Agreement contract specify that prevailing wage must be paid on the projects?

HCD Response: Yes. The Standard Agreement contract will require compliance with Prevailing Wage law.

30. A list of small counties with populations less than 425,000 person will be posted on the LHTFP Web Site.